
SENATE BILL 5202

State of Washington

59th Legislature

2005 Regular Session

By Senators Parlette, Hewitt, Zarelli, Brandland, Schoesler, Delvin, Mulliken, Johnson, Rasmussen, Benton, Roach, Oke, Benson and Stevens

Read first time 01/18/2005. Referred to Committee on Ways & Means.

1 AN ACT Relating to the public employees' benefits board; and
2 amending RCW 41.05.065.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 41.05.065 and 2003 c 158 s 2 are each amended to read
5 as follows:

6 (1) The board shall study all matters connected with the provision
7 of health care coverage, life insurance, liability insurance,
8 accidental death and dismemberment insurance, and disability income
9 insurance or any of, or a combination of, the enumerated types of
10 insurance for employees and their dependents on the best basis possible
11 with relation both to the welfare of the employees and to the state.
12 However, liability insurance shall not be made available to dependents.

13 (2) The board shall develop employee benefit plans that include
14 comprehensive health care benefits for all employees. In developing
15 these plans, the board shall consider the following elements:

16 (a) Methods of maximizing cost containment while ensuring access to
17 quality health care;

18 (b) Development of provider arrangements that encourage cost

1 containment and ensure access to quality care, including but not
2 limited to prepaid delivery systems and prospective payment methods;

3 (c) Wellness incentives that focus on proven strategies, such as
4 smoking cessation, injury and accident prevention, reduction of alcohol
5 misuse, appropriate weight reduction, exercise, automobile and
6 motorcycle safety, blood cholesterol reduction, and nutrition
7 education;

8 (d) Utilization review procedures including, but not limited to a
9 cost-efficient method for prior authorization of services, hospital
10 inpatient length of stay review, requirements for use of outpatient
11 surgeries and second opinions for surgeries, review of invoices or
12 claims submitted by service providers, and performance audit of
13 providers;

14 (e) Effective coordination of benefits;

15 (f) Minimum standards for insuring entities; and

16 (g) Minimum scope and content of public employee benefit plans to
17 be offered to enrollees participating in the employee health benefit
18 plans. To maintain the comprehensive nature of employee health care
19 benefits, employee eligibility criteria related to the number of hours
20 worked and the benefits provided to employees shall be substantially
21 equivalent to the state employees' health benefits plan and eligibility
22 criteria in effect on January 1, 1993. Nothing in this subsection
23 (2)(g) shall prohibit changes or increases in employee point-of-service
24 payments or employee premium payments for benefits.

25 (3) The board shall design benefits and determine the terms and
26 conditions of employee participation and coverage, including
27 establishment of eligibility criteria. The same terms and conditions
28 of participation and coverage, including eligibility criteria, shall
29 apply to state employees and to school district employees and
30 educational service district employees.

31 (4) The board may authorize premium contributions for an employee
32 and the employee's dependents in a manner that encourages the use of
33 cost-efficient managed health care systems. The board shall require
34 participating school district and educational service district
35 employees to pay at least the same employee premiums by plan and family
36 size as state employees pay.

37 (5) The board shall develop a health savings account option for
38 employees that conforms to section 223, Part VII of subchapter B of

1 chapter 1 of the internal revenue code of 1986. The board shall comply
2 with all applicable federal standards related to the establishment of
3 health savings accounts.

4 (6) Employees shall choose participation in one of the health care
5 benefit plans developed by the board and may be permitted to waive
6 coverage under terms and conditions established by the board.

7 ((+6+)) (7) The board shall review plans proposed by insuring
8 entities that desire to offer property insurance and/or accident and
9 casualty insurance to state employees through payroll deduction. The
10 board may approve any such plan for payroll deduction by insuring
11 entities holding a valid certificate of authority in the state of
12 Washington and which the board determines to be in the best interests
13 of employees and the state. The board shall promulgate rules setting
14 forth criteria by which it shall evaluate the plans.

15 ((+7+)) (8) Before January 1, 1998, the public employees' benefits
16 board shall make available one or more fully insured long-term care
17 insurance plans that comply with the requirements of chapter 48.84 RCW.
18 Such programs shall be made available to eligible employees, retired
19 employees, and retired school employees as well as eligible dependents
20 which, for the purpose of this section, includes the parents of the
21 employee or retiree and the parents of the spouse of the employee or
22 retiree. Employees of local governments and employees of political
23 subdivisions not otherwise enrolled in the public employees' benefits
24 board sponsored medical programs may enroll under terms and conditions
25 established by the administrator, if it does not jeopardize the
26 financial viability of the public employees' benefits board's long-term
27 care offering.

28 (a) Participation of eligible employees or retired employees and
29 retired school employees in any long-term care insurance plan made
30 available by the public employees' benefits board is voluntary and
31 shall not be subject to binding arbitration under chapter 41.56 RCW.
32 Participation is subject to reasonable underwriting guidelines and
33 eligibility rules established by the public employees' benefits board
34 and the health care authority.

35 (b) The employee, retired employee, and retired school employee are
36 solely responsible for the payment of the premium rates developed by
37 the health care authority. The health care authority is authorized to
38 charge a reasonable administrative fee in addition to the premium

1 charged by the long-term care insurer, which shall include the health
2 care authority's cost of administration, marketing, and consumer
3 education materials prepared by the health care authority and the
4 office of the insurance commissioner.

5 (c) To the extent administratively possible, the state shall
6 establish an automatic payroll or pension deduction system for the
7 payment of the long-term care insurance premiums.

8 (d) The public employees' benefits board and the health care
9 authority shall establish a technical advisory committee to provide
10 advice in the development of the benefit design and establishment of
11 underwriting guidelines and eligibility rules. The committee shall
12 also advise the board and authority on effective and cost-effective
13 ways to market and distribute the long-term care product. The
14 technical advisory committee shall be comprised, at a minimum, of
15 representatives of the office of the insurance commissioner, providers
16 of long-term care services, licensed insurance agents with expertise in
17 long-term care insurance, employees, retired employees, retired school
18 employees, and other interested parties determined to be appropriate by
19 the board.

20 (e) The health care authority shall offer employees, retired
21 employees, and retired school employees the option of purchasing long-
22 term care insurance through licensed agents or brokers appointed by the
23 long-term care insurer. The authority, in consultation with the public
24 employees' benefits board, shall establish marketing procedures and may
25 consider all premium components as a part of the contract negotiations
26 with the long-term care insurer.

27 (f) In developing the long-term care insurance benefit designs, the
28 public employees' benefits board shall include an alternative plan of
29 care benefit, including adult day services, as approved by the office
30 of the insurance commissioner.

31 (g) The health care authority, with the cooperation of the office
32 of the insurance commissioner, shall develop a consumer education
33 program for the eligible employees, retired employees, and retired
34 school employees designed to provide education on the potential need
35 for long-term care, methods of financing long-term care, and the
36 availability of long-term care insurance products including the
37 products offered by the board.

1 (h) By December 1998, the health care authority, in consultation
2 with the public employees' benefits board, shall submit a report to the
3 appropriate committees of the legislature, including an analysis of the
4 marketing and distribution of the long-term care insurance provided
5 under this section.

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